WTO

The World Trade Organization (WTO) was formed in 1995 as a successor to the General Agreement on Tariffs and Trade (GATT), the rules of international trade put in place at the end of World War II and modified over the years. The primary constituency of the WTO are trade ministers and, hence, commercial interests – those involved in importing and exporting products and services -- dominate its concerns. The WTO puts trade over all else. This contrasts with the A-Team which is concerned with financial interests – that is, making the world safe for lenders and investors.

Each member country has a single vote and decisions are supposedly by consensus. However, "in practice, the United States, Europe, and Japan have dominated in the past" (Stiglitz, 2002, pp. 225-26). The rules of the WTO cannot be modified or new rules introduced without unanimous consent. Deliberations of the WTO panels that rule on whether there has been a violation of the WTO agreements occur in secret.

Frame

UNFETTERED MARKETS (see **Globalization Frames** in the **Resource Kit**)

Success Indicators

Global Corporation Support (GCS): This begins at 100 and is raised by actions that remove trade restrictions or prevent new ones from being put in place. It is lowered by actions that maintain existing trade restrictions or add new ones.

Northern Elite Support (NES): This begins at 100 and is raised by actions that increase the support of political elites in the Global North. It is lowered by actions that decrease the support of political elites in the Global North.

Southern Elite Support (SES). This begins at 100 and is raised by actions that increase the support of political elites in the Global South. It is lowered by actions that decrease the support of political elites in the Global South.

Overall Success = (2GCS + 2NES + SES)/ 5

Recommended to read and print out from Resource Kit:

You should make hard copies of the following parts of the Resource Kit to read ahead of time or to bring with you to the game sessions:
*** Glossary of Technical Terms
*** UNFETTERED MARKETS Frame in Globalization Frames.

The following parts of the Resource Kit are relevant for different proposals in the game. Here you may wish to employ a division of labor on your team in examining them:

*** A-Team Special Programs, HIPC Initiative and Micro-Credit Programs.
*** SAPs (Structural Adjustment Programs)
*** IMF Governance.
*** ILO Fundamental Conventions.
*** Micro-Credit Programs.
*** Regional Trading Blocs.
*** Food Sovereignty.
*** Restoration of Communal Lands.
*** Investor Rights Clauses
*** Capital Controls
*** TRIP Agreements.
*** MEAs
*** Tobin Taxes

Notes and References:

Anne O. Krueger (ed) 1998. *The WTO as an International Organization*. Chicago: University of Chicago Press.

Finger and Winters write (p. 272 in Krueger, 1998): Finger and Winters (p. 372) on trade restrictions: "Any government that maintains a liberal trade policy must have ways to deal with constituent pressure for exceptions -- pressures for protection of particular domestic sectors."

Hirsch (in Krueger, 1998) characterizes the guiding logic of Finger and Winters paper: "Trade liberalization is good for economic development; the domestic forces against trade liberalization are generally stronger or more vocal than the supporters and beneficiaries; and the key role of the WTO is, therefore, to assist governments in counteracting the forces opposed to liberalization."

Joseph E. Stiglitz. 2002. *Globalization and Its Discontents*. New York: Norton.

On governance, pp. 225-26: "At the WTO each country has a single vote and decisions are largely by consensus. But in practice, the United States, Europe, and Japan have dominated in the past."

George Soros. 2002. *On Globalization*. New York: Public Affairs.

p. 32: The WTO has found a way to enforce its judgments. The device used by the WTO is to authorize the injured country to retaliate unless it receives compensation or the practice is discontinued.

p. 33: The WTO is biased in favor of the rich countries and multinational corporations.

p. 34: There is a WTO rule that prohibits countries from treating physically similar products differently based on how they are made. [There is an exception for products made by prison labor which are outlawed.] In practice, this makes it difficult for individual countries to impose environmental, labor, or human rights standards.

From Alternatives to Economic Globalization: A Report of the International Forum on Globalization. San Francisco: Berrett-Koehler, 2002

p. 20: Debi Barker and Jerry Mander, "Although only governments may submit WTO complaints, global corporations are almost always the driving force." For example, the U.S. government acted on behalf of Chiquita to challenge the European Union's preferential treatment of banana imports from former colonies.

p. 52: [The WTO] does nothing to limit the excesses of global corporations and financial speculators – two priority regulatory needs. Instead, it regulates national and local governments to prevent them from regulating international trade and investment. In short, it regulates governments to protect corporations.

References:

Alternatives to Economic Globalization: A Report of the International Forum on Globalization. San Francisco: Berrett-Koehler, 2002

Anne O. Krueger (ed) 1998. *The WTO as an International Organization*. Chicago: University of Chicago Press.

George Soros. 2002. *On Globalization*. New York: Public Affairs.

Joseph E. Stiglitz. 2002. *Globalization and Its Discontents*. New York: Norton.

Priority Rating for Committees

Team _____

1. *High priority*. A member of our team should be on this committee as a participant or an observer.
2. *Medium priority*. If we have sufficient members on our team, one should be on this committee.
3. *Low priority*. We have only a marginal interest in this committee and don't need to be represented on it.

Priority Rating for Committees:

___ Development

___ Trade

___ Finance

___ Debt Relief

___ Corporate Regulation

___ Countervailing Institutions

Observer Team Recommendation Form

Team _____

Committee sponsoring proposal: (Circle One)

Development Trade Finance Debt Relief

Corporate Regulation Countervailing Institutions

Name of Proposal _____

___ We actively oppose this proposal.

___ We oppose this proposal but will not make any effort to block it.

___ We abstain on this proposal.

___ We are sympathetic to and support this proposal.

Committee sponsoring proposal: (Circle One)

Development Trade Finance Debt Relief

Corporate Regulation Countervailing Institutions

Name of Proposal _____

___ We actively oppose this proposal.

___ We oppose this proposal but will not make any effort to block it.

___ We abstain on this proposal.

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